

*Supply*

the Minister of National Revenue is not the only one involved. The proposals must be made in the House by the Minister of Justice. Furthermore, all other provisions of the Income Tax Act are, in the final instance, the responsibility of the Minister of Finance.

The Hon. Member has, and I am very pleased with his spirit of co-operation, clearly indicated, on behalf of his caucus, that if the Government makes proposals regarding changes it acknowledges are entirely justified, he is prepared, with the co-operation of his Party's caucus, to expedite passage of such proposals in the House. I admit I am very pleased with this co-operative attitude, and I have said as much to my colleagues who are responsible for the various departments concerned. I think it is time to complete our review of the various recommendations on changes in legislation and to do so as soon as possible.

Mr. Speaker, the motion speaks generally about protecting the rights of taxpayers.

● (1210)

In his speech, the Hon. Member clearly expressed his conviction that from the way the Income Tax Act is administered, Canadian taxpayers, and he was speaking generally, feel that their basic rights are threatened. I would respond, Mr. Speaker, to this general accusation with an equally general argument. In our country's Constitution, this Government has laid down the basic rights of all Canadians. Anyone may, for any reason, avail himself of these provisions which have been enshrined in our Constitution, in the Constitution of this country, in order to obtain legal remedy if his basic rights have been infringed by any level of government.

Second, Mr. Speaker, I would like to point out to the Hon. Member that the very nature of our tax system recognizes the basic freedom of the individual with the immediate corollary of freedom which is responsibility. What is the nature of our tax system? It is a self-assessment system. The Canadian taxpayer is responsible for declaring all his income. The law says clearly: "all his income". Second: he must establish the amount of tax due. And finally, he is responsible for paying his taxes as assessed. For the vast majority of taxpayers, this exercise has been simplified because we have a system by which employees have their taxes deducted regularly at source, either weekly, every two weeks or monthly, depending on how they are paid. For these taxpayers, it is relatively easy to comply with the Income Tax Act. I would even say they have practically no choice in the matter, because their employers are given tax deduction tables, the amount of the deduction is calculated, and the annual filing of tax returns is merely an exercise in adjustment, in which the taxpayer reconciles the amount already paid with the various deductions to which he is entitled, or adds any income he may have received in addition to his regular income.

Other taxpayers, and especially those who are self-employed or have a business, pay their taxes according to a different formula and have a much broader range of deductions they can make from their gross income, before establishing the tax payable. Generally, taxes are paid in quarterly instalments. With an adjustment at the end of the year.

Mr. Speaker, our system of self-assessment must be the most tangible sign of recognition of a basic right of the individual, of the freedom of individuals in democratic society. That is how our tax system works. To maintain the integrity and reliability of a self-assessment system, we must ensure it is fair, if we are to maintain public confidence in the system. It is sound, reliable, and reasonable, but the taxpayer must be convinced the system treats all taxpayers equally, that is to say that each taxpayer is responsible for declaring his income and calculating the amount of tax payable and, importantly, for paying his taxes—and that everyone is on the same footing.

Since most taxpayers have their taxes deducted at source, Mr. Speaker, we must have mechanisms to check whether the others do abide by the law, and we must ensure as well that enough of them do so to maintain the system's reputation for fairness, so that all Canadian taxpayers will feel a commitment towards and give their full support to the system.

Mr. Speaker, the system itself fully respects the basic rights of individuals and must be provided with audit mechanisms if we want to maintain its integrity and soundness. Pursuant to specific provisions of the Income Tax Act, the department responsible for the administration of the act is empowered to carry out such audits as may be required to maintain the integrity and the equity of the system.

With respect to the second aspect of my remarks, the Hon. Member has quoted various reports which have been made public and he has indicated that the powers provided under the Income Tax Act are too extensive, and that the very nature of those powers—which is what the Hon. Member is concerned about, I am sure—and the way they are exercised may jeopardize the rights of taxpayers.

Mr. Speaker, I would rather not refer at length to the very complex rulings of various Canadian courts on the way the Department has used its powers under Income Tax Act Section 231. However, Canadian courts did state on several occasions that such powers were necessary, appropriate and justified in a free and democratic society. I might simply quote just one ruling made recently by an Ontario Supreme Court justice in which he concluded as follows:

[*English*]

The Court found that there was no improper conduct in the search of the private residence, that the judges had acted within their jurisdiction in making the orders under attack and that the seizures were authorized by the relevant statutory provisions. The Court further found that the Minister's powers of search and seizure and the related procedures were necessary, appropriate and demonstrably justified in a free and democratic society.